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FINANCE AND ACCOUNTS DIVISION MEMORANDUM NO. B-41

U.S. DEPARTMENT OF AGRICULTURE

To: Washington Finance and Accounts Division  
Chiefs, Regional Fiscal Divisions

From: H. O. Hart, Chief, Accounting Management Section  
Finance and Accounts Division

Subject: Preparation of the Cumulative Report of Expenditures,  
Obligations and Reimbursements by Appropriation and Limitation

Effective immediately, the following procedure, which has been devised, will be followed by the Washington Finance and Accounts Division and the Regional Fiscal Divisions, in obtaining and reporting to the Chief, Control and Reports Section, Finance and Accounts Division, Washington, D. C., the essential information which is necessary in the preparation of Budget-Treasury Form 3.

The Allotment Ledgers and the Administrative Expense Reports, Form FDA-583 taken therefrom, do not present all the information necessary for the preparation of the monthly Summary Report on Status of Appropriations, Form 3. Budget-Treasury Regulation No. 1, Revised, describes apportionments and various reports on the status of appropriations which must be prepared by the Control and Reports Section in Washington. Further information is also contained in Budget and Finance Circular 590, Supplement 1, and Budget and Finance Circular 694. Particular attention is directed to the following sections of Regulation No. 1:

Part I - General Requirements

Section 2 - Terminology

Section 3 - Concept of Obligations

Section 4 - Sources of Data Included in Reports

Section 5 - Adjustments of Projected Obligations

Part III - Instructions for the Preparation and Submission of Reports on Status of Appropriations

Section 8 - Report on the Status of Appropriations, Form 3

Part VI - Illustrative Reports

Exhibit C - Monthly Summary Report on Status of Appropriations

After the close of each month the Cumulative Report of Expenditures, Obligations, and Reimbursements by Appropriation and Limitation, Exhibit C,

is to be prepared in duplicate and as many additional copies as may be required by the Chief of the Regional Fiscal Division. One copy should be forwarded by air mail to the Washington Control and Reports Section prior to the fifth day following the month of the report. If not forwarded by that time, the information shown in column 3, 10 and 12, should be submitted by wire and a copy of the typed report should be forwarded as confirmation of such wire.

The form of the Cumulative Report of Expenditures, Obligations, and Reimbursements by Appropriation and Limitation, presented herein as Exhibit C, was designed to fulfill requirements of Section 4 of Regulation 1, quoted in part as follows:

"\* \* \*, the data reported by any agency shall be compiled on the basis of the accounting records of the respective agency or shall be susceptible to ready reconciliation therewith."

It will be noted from Section 5 of Regulation 1 that, "The amounts to be reported under this Regulation as 'obligation incurred' will represent only that portion of the obligations which have matured to the end of the period for which the reports are prepared." The Allotment Ledgers reflect Unliquidated Encumbrances, which in certain cases (i.e. 01 Personal Services; 04 Communications Services, portion applicable to telephone services - other; 05 Rents and Utility Services; 07 Other Contractual Services) are projected beyond the end of the period for which obligations, as referred to herein, are to be reported.

It should also be noted that Allotment Ledgers reflect cumulative obligations for which liquidation is usually made in a subsequent fiscal year; however, the Report on Status of Appropriations, Form 3, requires that obligations of the current fiscal year appropriation shall be reflected separately from transactions of prior fiscal year appropriations. The Cumulative Report of Expenditures, Obligations and Reimbursements by Appropriation and Limitation, Exhibit C, has been designed so that such information may be obtained from basic records with a minimum of effort.

Comments on the form of the Cumulative Report of Expenditures, Obligations and Reimbursements by Appropriation and Limitation, Exhibit C, and the preparation thereof is presented hereunder.

Column 1 - List the accounting symbol of each appropriation and limitation currently being accounted for by the Regional Fiscal Division as required by paragraph B, Section 8, of Regulation No. 1. Note that funds have been arranged by fiscal year for ease in abstracting information from the Allotment Ledgers or Administrative Expense Reports.

Column 2 - This column is to be used for the dual purpose of reflecting the unobligated balance of prior fiscal year allotments as at the beginning of the current fiscal year and also the total amount of allotments for the current fiscal year. The "Unobligated Balance of Prior Fiscal Year Allotments" should be taken directly from the Limitation Control Sheet of the Allotment Ledger as of the close of the previous fiscal year. Note that for prior fiscal year

appropriations amounts in this column should remain unchanged during the year.

Column 3 - Reimbursements as reflected in this column should include only those received during the current fiscal year. The amount shown in this column will be used by the Control and Reports Section for column 4 of the Report on Status of Appropriations, Form 3. Note that Regulation No. 1 defines appropriation refunds as follows:

"Amounts recovered which were previously expended in error from an appropriation or fund. These items, such as recovery of a salary overpayment, are not to be included in reimbursements but are to be treated as reductions of expenditures. This also includes transfer and counter warrant credits to correct erroneous appropriation charges."

Provision has been made in Section D, Page 9, Description of Allotment Ledger Accounts in Procedure and Accounting Manual effective July 1, 1943 for the recording of such items as deductions in the "Audited Vouchers" column.

Appropriation Reimbursement is also defined in Regulation No. 1 as follows:

"Amounts represented by collections, other than refunds, for commodities, work, or services furnished or to be furnished between appropriation or to an individual, firm, or corporation, which collections are covered or are to be covered into the Treasury as repayments to an appropriation or working fund. This also includes amounts represented by transfer and counter warrant credits, other than appropriations refunds as previously defined."

Appropriation Reimbursements as defined above should be distinguished between appropriation receipts as is also defined in Regulation No. 1.

In case reimbursements as recorded on the Allotment Ledgers are not in accordance with the above definition, the Cumulative Report of Expenditures, Obligations, and Reimbursements should be adjusted and notated accordingly as explained in a subsequent paragraph. The Allotment Ledger will be in accordance for fiscal year 1944.

Column 4 - This is a total of columns 2 and 3 for use in computing the amounts reflected in column 13 - Unobligated Balance.

Column 5 and 6 - Amounts reflected in these columns may be obtained directly from the Administrative Expense Reports as at the date of the report and as at the close of the previous fiscal year. In case of records maintained in accordance with prior procedure for prior fiscal year appropriations it will be necessary to add the

"Commitments" and "Obligations" columns to obtain the total Unliquidated Encumbrances or Obligations. The difference between columns 5 and 6 represents the net change during the current month in Unliquidated Obligations which is reflected in column 8.

Amounts in column 6 should remain unchanged during the fiscal year.

Column 7 - For current year's fund, amounts of Unliquidated Encumbrances must be reduced for amounts of encumbrances projected beyond the date of the report. In order to obtain information for this column, it is necessary to make a careful analysis of the Unliquidated Encumbrance file in order to adjust Unliquidated Encumbrances to a basis of Unliquidated Obligations as explained in Regulation No. 1, Section 3 - Concept of Obligations.

All Regional Fiscal Divisions and the Administrative Accounting Section in Washington are cautioned to constantly review and analyze the Unliquidated Encumbrances to determine that no funds are encumbered for which no obligations will be incurred. The Liquidation Clerk should maintain constant contact with the various Divisions and Field Offices who have submitted encumbrance documents in order to obtain a Request for Change in Encumbrance, Form FDA-509, to cancel any portion of a prior encumbrance which will not be required. Generally most monthly Encumbrance Requests should be liquidated in the following month.

When all postings have been made for a month to the Allotment Ledger Accounts by appropriation and limitation, immediately see that all Unliquidated Encumbrances, Form FDA-508, are filed by appropriation and limitation, by Letter of Authority number. A file should be maintained for .02 Travel and one for All Other, .03-.09 inclusive. Determine the amounts to be recorded in column 7, "Exhibit C," by use of a "Blotter" and by process of elimination as follows:

"Sample Blotter" 12-111/40026 (38.3).695

10/31/43	Unliquidated Obligations	\$ 469,856.15
	Deduct known Supplemental Pay Rolls	<u>1,814.15</u> \$ 468,042.00
	Deduct Pay Roll Oct. 29-30, 1943	<u>8,000.00</u> \$ 460,042.00
	Deduct Unliquidated Obligations for Travel applicable to period of this report	<u>13,000.00</u> \$ 447,042.00
	Deduct Unliquidated Obligations for Contractual Services applicable to period of this report	<u>2,000.00</u> \$ 445,042.00

By making computations monthly in the above manner, Unliquidated Obligations as reflected by the "Blotter" will be the most accurate

obtainable for Encumbrances projected beyond the period of the report.

.01 Personal Services

Procedure and Accounting Manual effective July 1, 1943 prescribes the posting of Audited Vouchers as Disbursements. All pay rolls for each month will have been posted prior to the end of the month. In case the last pay period in the month ends on other than the last day of the month, it will be necessary, by making use of the last semi-monthly pay rolls, to compute by appropriation and limitation, the amount of money required to the end of the report period. The amount so determined will be deducted from the total Unliquidated Obligations as shown on Appropriation or Limitation Control. (Above entry to "Blotter" only.) Ascertain from the Pay roll Section the amount of money involved in any then known supplemental pay rolls, which amount will also be deducted (from "Blotter" only).

.02 Travel

Obtain from the Allotment Ledger Accounts for each appropriation and limitation, the amount of Unliquidated Obligations as shown under .02 Travel. Withdraw from the file all Unliquidated Obligations for travel, Form FDA-508, Encumbrance Request. Analyze same carefully (See Budget-Treasury Regulation No. 1 Revised, Section 3, Concept of Obligations, Page 4, Travel) to determine what amount is applicable to subsequent month. Run a tape by appropriation and limitation of all amounts OTHER than those applicable to a subsequent period, and deduct same from the total Unliquidated Obligations as shown on Allotment Ledger Accounts. (Above entry to "Blotter" only.)

.03-.09 All Other

Obtain from the Allotment Ledger accounts for each appropriation and limitation, the amount of Unliquidated Obligations as shown under .03-.09, All Other. Withdraw from the file all Forms FDA-508, Encumbrance Request, which have been used in setting up an obligation for any contractual service. Analyze same carefully, and make a recapitulation by appropriation and limitation of the amount of money appearing as Unliquidated Balance, which is required to meet the terms of the contract, to the end of the period of the report, plus one month to cover possible Notice of Cancellation, (See Budget-Treasury Regulation No. 1 Revised, Section 3, Concept of Obligations, Page 4, Rents). By deducting all such amounts from the total Unliquidated Obligations as shown by the Allotment Ledger, you have reduced same to a figure which represents only obligations which have been projected beyond the period of the report. (Above entry to "Blotter" only.)

Column 8 - Amounts to be reflected in this column are to be computed by deducting columns 6 and 7 from column 5. For prior fiscal year

funds, the amount to be reported should be a negative amount as such funds are no longer available for obligation. Under prior procedure, however, all obligations were not recorded as of the close of the fiscal year; therefore, obligations applicable to prior fiscal year funds may increase during the current fiscal year.

Columns 9 and 10 - Amounts to be reflected in these columns should be obtained directly from the "Audited Vouchers" column of the Limitation Control Sheet of the Allotment Ledgers or from the Administrative Expense Reports. In case of prior fiscal year funds which are maintained under former procedure, the amounts of audited vouchers are represented by the "Paid" columns of the Allotment Ledgers. See also foregoing comments under column 3. Amounts in column 10 should remain constant during the entire fiscal year.

Column 11 - The difference between columns 9 and 10 represents the expenditures during the current fiscal year which amounts are required by the Control and Reports Section for column 10 of the Report on Status of Appropriations, Form 3.

Column 12 - The total of expenditures during the current fiscal year as computed in column 11 and the current fiscal year's changes in Unliquidated Obligations as computed in column 8 represents the total Obligations Incurred During Current Fiscal Year as required to be reported by the Control and Reports Section on the Report on Status of Appropriations, Form 3.

Column 13 - Amounts to be reported in this column represent the difference between columns 4 and 12. The "Unobligated Balance" as used in this report reflects amounts available for expenditure to liquidate existing unrecorded obligations of prior fiscal year funds, or, with respect to current fiscal year's funds, the amount which may be obligated during the remaining portion of the current fiscal year. The Unobligated Balances as reported by the Control and Reports Section on the Reports on Status of Appropriations, Form 3, is currently being computed for the consolidated report but the amounts correspond to those required to be reported by the Regional Fiscal Divisions.

In the preparations of the Cumulative Report of Expenditures, Obligations and Reimbursements by Appropriation and Limitation, special care should be taken to reflect desired information in columns 3, 11 and 12. If, for any reason, the Limitation Control Sheets of the Allotment Ledgers fail to present accurate information as required herein, the amounts submitted on this report may be adjusted with a reference following the adjusted amount and full explanation at the foot of the report as to the amounts reflected by the Allotment Ledgers and the reasons for reflecting different amounts on this report. Instances in which such correction would be necessary include: (1) The erroneous recording of a refund as a reimbursement, (2) Failure to record all obligations incurred to the end of the period on the Allotment Ledgers, (3) Amounts of expenditures made

from improper funds on which correction has not been effected by the recording of Form 1097.

Careful review of the report prior to typing may disclose obvious errors which should be corrected prior to submission to the Control and Reports Section.



Attachment

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